Review of Fiscal Deficit Act

1473. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering a proposal to review the Fiscal Deficit Act;

(b) if so, what are the compulsions that have necessitated a review;

(c) whether it is a fact that a plea has been made to him that the concept of fiscal deficit is invalid because of unemployment or underemployment as factors of production; and

(d) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) There is no Act titled "the Fiscal Deficit Act". Presumably the reference is to the Fiscal Responsibility and Budget Management Act, 2003. There is no proposal to review this Act. Further, this Ministry is not aware of any demand regarding validity of the concept of Fiscal Deficit.

Exemption to power sector from Taxes

1474. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that government propose to exempt power sector from taxes till 2012;

(b) if so, the details thereof; and

(c) whether the exemption will apply to new projects only or to existing projects as well?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) So far as direct taxes are concerned, the Finance Bill, 2005 does not contain any proposal for extending the exemption to power sector till 2012. As far as indirect taxes are concerned, the proposal of Ministry of Power to exempt power sector from taxes till 2012 was examined as part of the budget 2005-06 and was not acceded to.

(b) and (c) Do not arise in view of (a) above.

However, as far as existing provisions under the Income Tax Act, 1961

are concerned, 100% deduction is allowed for 10 consecutive assessment years of the profits derived by an undertaking engaged in generation, transmission or distribution of power. The deduction is available to an undertaking which begins to generate power during the period 1.4.93 to 31.3.2006 or it starts transmission or distribution by laying a network of new transmission or distribution lines during the period 1.4.99 to 31.3.2006 or it undertakes substantial renovation and modernization of the existing network of transmission or distribtution lines during the period 1.4.2004 to 31.3.2006.

Difficulty in issue of bonds at fixed rates

1475. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be plesed to state:

(a) whether it is a fact that corporates are finding it difficult to issue Bonds at Fixed Rates in anticipation of rising rates of interests and have resorted to Floating Rates issues;

(b) if so, the details thereof; and

(c) What is Government's reaction thereto and whether Government propose to intervene in the matter in the interest of sound economy for the country as a whole?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. S.S PALANIMANICKAM): (a) to (c) Information is being collected and will be laid on the Table of the House.

Disparity in pay scales of Bharatiya Note Mudran Ltd.

1476. SHRI A. VIJAYARAGHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there exists some disparity in pay scales of Bharatiya Reserve Bank Note Mudran Limited and Reserve Bank of India which is later's subsidiary;

(b) whether it is also a fact that the economic reform committee (1999-2000) in its report recommended that all the currency press and mints of Government of India should be merged under one corporation for the smooth functioning;

(c) if so, the details thereof; and